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NATIONAL INTELLIGENCE DAILY CABLE

Thursday August 12, 1976

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Thursday August 12, 1976.

The NID Cable is for the purpose of informing senior US officials.

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GREECE-TURKEY: Aegean Dispute

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[] Greek Foreign Minister Bitsios arrived in New York last night for the UN Security Council session on the Aegean controversy, and Turkish Foreign Minister Caglayangil is expected to arrive today. Prior to his departure yesterday from Ankara, Caglayangil declared that Turkey is legally entitled to conduct seismic research in international waters and will not consider modifying the program of the Sismik I.

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[] According to the Turkish radio, a Foreign Ministry spokesman said that the decisions of the Security Council and the International Court are not binding.

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[] A spokesman for the International Court of Justice was quoted by the press as saying yesterday that a ruling on the Greek petition against further seismic exploration is likely to take about five weeks. The Court's 15 judges met informally on the issue yesterday but no date was set for the start of hearings. The slowness of court procedures could disappoint Athens' hopes of getting an injunction against the research activity--the Sismik may well complete its scheduled surveying first.

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[] Both Greek and Turkish forces in the Aegean remain in a high state of readiness. //Although there appears to be no change in the status of Turkish forces, additional Greek units apparently have been placed on alert or moved.// The Greek armed forces radio announced yesterday that recently many officers have had their leaves canceled and Greek naval ships and aircraft have been repositioned.

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[] The Turks have publicly complained about repeated Greek harassment of the Sismik and warned the Greeks to stop or face the consequences. //According to the US defense attache in Ankara, a Turkish naval officer says that Greek aircraft are frequently buzzing the Sismik.// The Greeks acknowledge keeping a discreet watch on the ship, but they deny making provocations.

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[] Although both sides may believe they are acting with restraint, each is engaging in activities in the immediate area of dispute that could cause a clash through accident or miscalculation. []

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LEBANON: Situation Report

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[] Efforts to implement the Syrian-Palestinian reconciliation accord broke down yesterday because of Syria's insistence that Lebanese Muslims sympathetic to Damascus be represented on the quadripartite truce committee.

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[] The Palestinian delegation conducting talks on the accord returned to Beirut from Damascus yesterday to brief Palestine Liberation Organization chief Yasir Arafat and leftist leader Kamal Jumblatt. Neither has publicly renounced the accord, but both Palestinian and leftist newspapers have roundly condemned Syria's latest demand.

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[] The Syrians have intentionally stalled implementation of the accord and the cease-fire agreement mediated by the Arab League, presumably to give the Christians more time to consolidate their recent military gains. []

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[] In an open letter to President Sadat published yesterday, Arafat accused Syria of maneuvering on behalf of the Christians and of expanding its own military offensive against the Palestinians. Arafat sent similar messages to other Arab leaders and met with the Soviet ambassador in Beirut yesterday, presumably to request that Moscow exert greater pressure on Damascus to settle with the Palestinians.

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[] The pro-leftist Beirut radio station announced that Arafat and Jumblatt would call for another Arab League foreign ministers' meeting and also raised the possibility that Libyan Prime Minister Jallud--the main broker of the reconciliation accord--would resume his mediation mission.

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[] The Christians hope the attack they launched Tuesday on Tall Zatar will bring the camp down in a matter of days. They may not have committed enough infantry troops to root out the remaining camp defenders, most of whom are operating from a maze of underground bunkers.

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[] The Christians are generally reluctant to sustain high casualties and have resisted undertaking a large-scale ground attack. The fall of Nabaa, which had been on the main resupply route for the camp, may have encouraged the Christians to make their final move.

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[] The Christians continue to reinforce their positions at Hadath, Hazimiyah, and Baabda, in what appear to be preparations for cutting off west Beirut from the south. Heavy fighting along the Beirut-Damascus highway between Alay and Kahhalah--a stretch of the road largely under leftist control--suggests that Christians may intend to break leftist supply routes from the south before they revive their offensive in the Mount Lebanon area.

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[] A senior Israeli official has confirmed press reports that the Israeli military has been meeting periodically with representatives of the renegade Lebanese Arab Army for the past few months as a part of an apparent effort to increase Israeli influence in southern Lebanon. The Israelis hope to use these contacts to discourage a resumption of cross-border Palestinian commando raids.

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[] The Israelis and the Arab Army leaders may also calculate that their widely publicized meetings will serve as an additional warning to Syria to keep out of the border region. The Arab Army probably also hopes to learn Israeli intentions and perhaps even ward off any Israeli moves into southern Lebanon, especially against the airstrips being built at Nabatiyah and Badharan to facilitate the shipment of supplies to Palestinian units in the north.

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[] We do not know whether the work on either airstrip has been finished, although the Nabatiyah airfield reportedly was nearing completion last week. []

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USSR: Grain Prospects Good

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[] Soviet grain prospects remain good, as of early August, and we continue to estimate production at 195 million metric tons.

25X1 [] The US Department of Agriculture's estimate, released yesterday, also remains at 195 million tons. This approximates the 1974 harvest--the USSR's second largest grain crop--and represents a strong recovery from last year's disastrous 140-million-ton harvest.

25X1 [] As a result, Soviet grain purchases this calendar year are likely to be only half of what they were last year. The forecasts assume normal weather through harvesting.

25X1 [] Two events have occurred, however, that may require a reduction in the estimate when further evidence becomes available. Rain in European Russia during the critical flowering and filling stage of spring grain development may have cut yields in some areas, and dry conditions in the North Caucasus and the southern Ukraine may have hurt corn yields.

25X1 [] By early August, wet weather had delayed the start of the winter grain harvest by 10 to 14 days in many areas, and harvest operations are just beginning in Belorussia and other areas of northern European Russia. []

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25X1 [] we have not changed our earlier winter grain estimate of 45 million tons.//

25X1 [] //We estimate spring grain production at 150 million tons, second only to the record 1973 spring grain harvest.//

25X1 [] Confirmed Soviet purchases of grain for delivery during the coming marketing year total about 10 million tons--plus 2 million tons of soybeans; an additional 2 million tons of grain purchases is as yet unconfirmed. Of the confirmed amount of grain and soybeans, 8.6 million tons will come from the US, 2 million from Canada, 1 million from Australia, and the remainder from New Zealand and Brazil.

25X1 [] Under the US-USSR grain agreement, Moscow must import at least 6 million tons of US grain from October 1976 through September 1977. So far, 4.4 million tons are scheduled for this time period.

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[REDACTED] a Soviet grain trade official implied that total Soviet grain purchases in calendar year 1976 will amount to about 13.5 million tons for delivery in the 15-month period beginning in July 1976. This is about half that purchased in 1975.

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[REDACTED] Balance-of-payments considerations--continued hard-currency deficits and growing indebtedness--may have motivated a tentative decision to restrain new purchases. If the Soviet official's estimate of total Soviet purchases is correct, all of this amount may already have been purchased, except for the 1.6 million tons remaining to be bought under the first year of the US-USSR agreement.

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[REDACTED] A grain supply of 208.5 million tons--domestic production plus imports--should allow the USSR to rebuild some livestock inventories and to regain lost ground in meat production. Increased pressures for returning to or even exceeding previous levels of per capita meat consumption, however, could still lead to a decision to purchase sizable amounts of grain beyond the 13.5 million tons. [REDACTED]

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EGYPT - SAUDI ARABIA: Setback for Reconciliation

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[REDACTED] Egypt issued an official statement last night that seems designed to scuttle a new Saudi effort to cool the Egyptian-Syrian dispute. In so doing, Cairo may have further antagonized its Saudi ally.

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[REDACTED] The statement denounced Syria's continued intervention in Lebanon as a contravention of the agreement reached between the Egyptian and Syrian prime ministers at a reconciliation meeting held under Saudi auspices in Riyadh in late June.

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[REDACTED] Syria, the statement declared, has merely used the Riyadh agreement as a shield for its territorial ambitions in Lebanon, and President Sadat has brought the "facts" of Syria's "scheme" to Saudi attention.

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[] The Riyadh meeting in fact resulted in no meaningful agreement, and some weeks ago the two sides dropped all pretense of a reconciliation. By openly calling into question the Saudi reconciliation attempt, however, and trying to enlist the Saudis on Egypt's side in the dispute with Syria, Cairo has placed Riyadh in an awkward position that could serve to intensify the Saudis' impatience with Cairo.

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[] The Saudis shun public exposure of their own views, and their most immediate concern has been to end the public propaganda war between their two most important allies. The Egyptian statement yesterday only highlights the embarrassing position they face in the dispute between Egypt and Syria.

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[] The statement asserts that Arab support for the states in confrontation with Israel "must be directed solely" at regaining occupied territory. The Saudis recently renewed aid to Syria after the Riyadh "reconciliation" meeting, and the implication of the Egyptian statement appears to be that the Saudis either erred or were duped by Syria, which Cairo implies is misusing the aid to support its venture in Lebanon.

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KENYA-UGANDA: Normalizing Relations Cautiously

25X1 [] Kenya is very cautiously implementing last weekend's agreement with Uganda to normalize relations. The accord followed a month of tension resulting from Kenya's role in the Israeli rescue operation at Uganda's Entebbe airport in early July.

25X1 [] The Nairobi government is permitting the shipment to Uganda of petroleum products, including aviation fuel, but in amounts substantially below the volume it allowed prior to the Entebbe raid. The impact on Uganda of Kenyan trade restrictions appears to have been the main thing that prompted Ugandan President Amin to accept Kenya's terms for an improvement in relations.

25X1 [] The agreement provides for a resumption of normal trade. The Kenyans, however, evidently intend to keep Uganda on a short ration until they have clear indications that Uganda is living up to its commitments in the agreement--especially those related to commercial debts owed Kenyan firms and to ending the harassment of Kenyans living in Uganda.

25X1 [] The Ugandans did release about 75 Kenyans from custody last weekend.

25X1 [] Kenya also intends to hold up for at least a week or two the movement of arms and military-related items from the Kenyan port of Mombasa to Uganda. Virtually all of Uganda's Soviet-supplied arms have been delivered through Mombasa. [] 25X1

PORTUGAL: Spinola's Return Causes Concern

25X1 [] Former Portuguese president Spinola's arrival in Lisbon on Tuesday has fueled left-wing charges of a "return to fascism" and has overshadowed the national assembly's approval last night of the Socialist minority government's program.

25X1 [] According to a communique issued by the armed forces general staff, Spinola was released today from a Lisbon prison where he had been held since Tuesday. Spinola was charged with

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participating in the coup attempt in 1975; he was also suspected of engaging in clandestine activities against the government during his year and a half in exile. The communique stated that "at the present stage of the proceedings" Spinola was being released for insufficient evidence. The government's investigation is continuing.

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[] Both President Eanes and Prime Minister Soares have said that Spinola was welcome to return "like any other Portuguese citizen," but he would have to answer to the charges against him. Government leaders were considerably less than pleased that he had returned before the final vote on the government's program. They had urged him to delay his return for several weeks, fearing his presence would increase leftist criticism of the Socialists' legislative proposals.

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[] The Communists and far-left groups have already called for demonstrations to protest the return of this controversial figure, who they insist wants to establish a right-wing dictatorship in Portugal. Several labor organizations held rallies yesterday and far left-wing groups identified with former security chief Otelo de Carvalho have called a demonstration for today.

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[] The left is taking the line that Spinola's return is yet another indication of the resurgence of right-wing forces in Portugal. They have already warned of the dangers of rumored rightist activities in the armed forces and the release of former secret police officers jailed since the April 1974 coup.

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[] The left has also seized on the alleged complicity of conservative police officers in the northern town of Porto with a group of right-wing terrorists. Ten arrests, almost all of persons who have had some contact with right-wing exile organizations, have been made so far.

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FRANCE: Cabinet Shuffle

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[] French President Giscard will announce a "fairly large-scale" cabinet shuffle between August 25 and September 10, according to the deputy head of the presidential staff. The President at one time reportedly considered replacing Prime Minister Chirac, but the staff member said his personal opinion is that Chirac will be retained.

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[] Recent comments by a number of senior French political figures and observers tend to support the idea that Chirac will be retained, but Giscard's habit of not telling even his closest advisers of decisions will probably leave the issue in doubt until an announcement is made.

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[] The recent appointment of Jean-Francois Poncet as Elysee Palace staff director will improve communication between the President and the Prime Minister. Poncet's activist approach may, in fact, result in more guidance than Chirac might want.

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[] The changes planned by Giscard are intended to replace ineffective ministers with persons capable of moving through the parliament--and eventually implementing--the package of proposals he has said he will announce next month. The proposals will be designed to bring closer the "advanced liberal society" he says he wants in France.

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[] The success of his program may well prove to be crucial to the majority parties' chances in the 1977 municipal and 1978 legislative elections. []

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IRELAND: Anti-Terrorist Laws

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[] //The Irish government has decided to recall Parliament on August 31 for a special session to pass legislation aimed at curbing Irish Republican Army activity in the republic. The Cosgrave government, which already enforces some of the toughest anti-terrorist laws in Western Europe, is likely to pursue its new measures with equal vigor.//

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[] //The recall comes in the wake of the assassination last month of the British ambassador. An Irish official has told US diplomats the police have concluded the British ambassador was murdered by Provisional IRA assassins and not by a splinter group or outside professionals. The police have narrowed their list of suspects, but have thus far been unable to make much progress in ferreting them out.//

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[] //Details of the proposed legislation have not been announced, but it will probably include increased prison sentences for membership in illegal organizations, such as the IRA, and stiffer penalties for illegal possession of weapons.//

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[] //The government is reportedly confident that it will receive bipartisan backing for increased maximum sentences for convicted terrorists. The opposition Fianna Fail, however, has reserved its position on establishing new categories of criminal offenses. []

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USSR - LEBANON - MIDDLE EAST: Soviet Attitudes

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[] Comments this week by a ranking Soviet official suggest that Moscow may be less concerned now than it was a few weeks ago about Syrian intentions regarding the Palestinians. The Soviets may be seeking to avoid further deterioration in bilateral relations in the face of Damascus' actions.

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[] During a talk with the political counselor of the US embassy in Moscow, a deputy chief of the Middle East division of the Soviet Foreign Ministry seemed resigned to the Lebanese situation. The official stuck to the line that there ought to be a cease-fire followed by talks among the Lebanese parties without outside interference, and that the territorial integrity and independence of Lebanon should be respected.

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[] He was pessimistic about the recent agreement between Syria and the Palestine Liberation Organization, however, and said the Lebanese civil war is far from over.

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[] Although the Soviet official expressed no special concern about the fate of the PLO, he did admit that it is impossible to predict the long-range effect of Lebanon on the Palestinians. He said he believed Yasir Arafat would remain in command of the PLO, but volunteered no information about a long-rumored visit by the PLO leader to the USSR.

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[] According to the official, Soviet-Syrian relations are completely normal, despite disagreement over the presence of Syrian troops in Lebanon. He dodged the question of whether the USSR favors a complete and immediate Syrian withdrawal from Lebanon by saying that when and how the troops are to be withdrawn is for the Lebanese and the Syrians to decide.

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[] On an overall Middle East settlement, the Soviet official expressed doubt that any progress would be possible until at least this winter, after the US election. He did, however, state that the next proposal for Middle East negotiations would have to come from the US. []

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SRI LANKA: Summit Preparations

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[] The nonaligned summit conference and the preliminary sessions already under way are the most important international events ever held in Sri Lanka, and Prime Minister Bandaranaike's government is counting on a successful meeting to help boost its flagging domestic political fortunes before the next general election.

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[] The most difficult problem Colombo faces is assuring the security of its important visitors. Over 6,000 extra policemen and up to half of the 13,000-man army will be assigned to the capital during the conference. Most of these forces are inadequately trained, however, and could prove ineffective if a major threat to security develops.

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[] The concentration of security forces in Colombo will create a vacuum in the rest of the island that could be exploited by any one of Sri Lanka's several dissident groups.

[REDACTED]

[REDACTED] A few hotels under construction were rushed to completion in order to house the guests, who otherwise probably would have overwhelmed the facilities. Major roads have been repaired or rebuilt and buildings repainted along the parade route from the airport to Bandaranaike Memorial Hall, the conference site.

[REDACTED] Some of the countries that will be sending delegations have helped defray the conference costs; Iraq, Algeria, North Korea, and Libya are contributing the most. In addition, Guyana is providing sugar, and Cuba is donating rum and 25,000 cigars.

[REDACTED]

SYRIA: Security Threat

[REDACTED]

[REDACTED] Most of the attacks mounted by the Palestinians and Iraqis are intended to create public disturbances to embarrass and undermine confidence in President Asad's government. Bombings by these groups have occurred near Baath Party and major government offices, near the homes of important officials, and in areas where embassies are concentrated.

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[REDACTED] The Syrian government charged that the assassins of Baath Party leader Ahmad al-Izzawi were Iraqi agents. Izzawi, who was killed last month, was responsible for Iraqi affairs in the Syrian Baath Party and was considered an enemy by Iraqi leaders.

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[REDACTED] Many of the dissidents are members of the Muslim Brotherhood or the extremist group called the Youth of Muhammad. These groups, which are based in northern towns, may intensify their dissident activities following the death last month of the imprisoned leader of the Youth of Muhammad, Sheikh Marwan Hadid.

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[REDACTED] There is no chance that Asad will alter any of his policies to placate the extremists.

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JAPAN: Fukuda Making Move

[] Japanese Deputy Prime Minister Fukuda, with the balance of power in the ruling Liberal Democratic Party now clearly in his favor, hopes to persuade Prime Minister Miki to resign.

[] On August 10, Fukuda announced that he would soon begin a series of talks with Miki about the party's future in light of the Lockheed affair. Finance Minister Ohira, a former rival of Fukuda's, may also attend.

[] Last weekend, Ohira for the first time publicly endorsed Fukuda's bid for leadership. Senior representatives of former prime minister Tanaka's faction have also privately agreed to support Fukuda.

[] Fukuda recognizes that Miki still intends to resist resigning, but Fukuda hopes that a series of personal meetings will offer Miki a face-saving method of retreat as the Lockheed investigation runs its course and sentiment for new leadership in the party grows. Miki would also come under severe pressure to follow tradition and resign if a current party official or cabinet member were implicated in the scandal.

[] Fukuda and Ohira are also planning to convene a special party convention late this month to win official approval of a leadership change. Faced with the prospect of a humiliating defeat at such a gathering, Miki could agree to step aside voluntarily as the date approaches.

[] There have been no major developments in the investigation itself since the arrest of former prime minister Tanaka on July 27, but arrests of other politicians could occur at any time.

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[redacted] The prosecutors are under pressure to complete the probe by the end of the month, when the Diet will convene. Diet members are immune to interrogation and arrest while the legislature is in session. The Diet must convene and begin action on necessary fiscal legislation next month so that campaigning for the national election can get under way in the fall. [redacted]

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